53 PET 14 LIBYA EXCISE

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Department of State TELEGRAM

266

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DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY CJ DATE 8/7/81
PORTIONS DENIED AS INDICATED

PAGE 01 TRIPOLI 01439 230840Z

22-18
ACTION AF-05

INFO OCT-01 SS-20 EUR-12 NEA-08 NSCE-00 NSC-10 L-02 INR-06
CIAE-00 NSAE-00 E-02 PRS-01 INT-01 RSR-01 RSC-01 /070 W
074046

R 221817Z JUN 70
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 6480
INFO USINT ALGIERS
AMEMBASSY BEIRUT
AMEMBASSY BENGHAZI
AMEMBASSY BONN
AMEMBASSY LONDON

C O N F I D E N T I A L TRIPOLI 1439.

LIMDIS

SUBJECT : POSTED PRICE NEGOTIATIONS

REFERENCE: STATE 96854

1. ESSO [redacted] CALLED ON AMBASSADOR TODAY (JUNE 22) TO PROVIDE MORE DETAILED AND CURRENT REVIEW. [redacted] ESSO HAD BEEN CONCERNED ABOUT STATEMENTS LARG SPOKESMEN MIGHT MAKE DURING BASE EVACUATION CELEBRATIONS IN LIGHT OF STALEMATED POSTED PRICE NEGOTIATIONS AND, THEREFORE, CONTACTED PRICE NEGOTIATING COMMITTEE MEMBER MUNTASIR JUNE 15 TO REEMPHASIZE WILLINGNESS TO IMPROVE ON OFFER ESSO MADE IN APRIL, IF COMMITTEE WOULD MODERATE ITS DEMANDS. (EMBASSY BELIEVES FINANCIAL PRESSURE FROM LARG'S BAN ON LNG EXPORTS ALSO RESPONSIBLE FOR ESSO TAKING THIS INITIATIVE.) IN MEETING WITH ESSO, MUNTASIR STRESSED THAT PROGRESS TOWARD POSTED PRICE AGREEMENT WAS URGENTLY REQUIRED AND AGREED TO INFORM COMMITTEE CHAIRMAN MAGHRABI THAT ESSO WISHED TO MAKE NEW OFFER, WHILE GUARANTEEING COMMITTEE WOULD MODERATE ITS POSITION IN RETURN. (AS OF LAST WEEK MAGHRABI HAD NOT RETURNED TO LIBYA FROM ACCOMPANYING QADHAAFI ON HIS ME TOUR. ESSO UNDERSTANDS FROM CLOSE

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TRIPOLI 1439, 6-2270

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Department of State TELEGRAM

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PAGE 02 TRIPOL 01439 230840Z

RELATIVES OF MAGHRABI THAT HE PLANS TO REMAIN IN ME -- PROBABLY DAMASCUS -- TO DEVOTE HIMSELF TO PALESTINE STRUGGLE.) RESULTS OF THIS INITIATIVE WERE MEETINGS WITH DEPPRIMIN JALLUUD BY OCCIDENTAL AND ESSO JUNE 18 AT JALLUUD'S REQUEST.

2. ACCORDING TO [redacted] ESSO MEETING, JALLUUD OPENED WITH REFERENCE TO CONVERSATIONS HE HAD WITH AMBASSADOR ABOUT PRICE NEGOTIATIONS AND SAID HE WAS RELUCTANT TO ENTER PRICE DISCUSSIONS DIRECTLY AND WAS DOING SO ONLY BECAUSE PRESENT STALEMATE COULD NOT BE ALLOWED TO CONTINUE. JALLUUD TOOK LINE SIMILAR TO THAT IN CONVERSATION WITH AMBASSADOR JUNE 7 (TRIPOLI 1352, NOTAL) AND MADE FOLLOWING POINTS: B4

A. LARG DESIRES TO COOPERATE WITH COMPANIES AND TO ALLOW THEM TO OPERATE NORMALLY.

B. COMPANIES SHOULD COOPERATE TO SETTLE PRICE ISSUE AND "NOT FORCE LARG TO DO SOMETHING IT DOES NOT WANT TO DO".

C. TO ACHIEVE PROMPT ACTION COMPANIES SHOULD MAKE PRICE OFFERS TO MINPET MABRUUK (WHO WAS PRESENT AT MEETING), AND MABRUUK WOULD BE GIVEN DEADLINE FOR RECEIVING THESE RESPONSES.

D. HE HAD FOLLOWED PRICE NEGOTIATIONS CLOSELY AND WAS NOT SURPRISED MAHGRABI HAD STARTED WITH HIGH DEMAND AND COMPANIES HAD MADAILOW MOFER, SINCE THESE WERE NORMAL NEGOTIATING TACTICS.

E. HE DID NOT WISH TO BECOME FURTHER INVOLVED IN PRICE NEGOTIATIONS, BUT IT NOW WAS TIME FOR COMPANIES TO MAKE SERIOUS AND REALISTIC OFFERS SO THAT NEGOTIATIONS COULD SPEEDILY BE BROUGHT TO CONCLUSION. [redacted] REVIEWED HISTORY OF PRICE NEGOTIATIONS, AS SEEN BY ESSO, AND AGREED TO MEET WITH MABRUUK JUNE 19 TO PRESENT IMPROVED OFFER. B4

3. [redacted] TOOK OPPORTUNITY TO REVIEW WITH JALLUUD ECONOMICS OF ESSO'S LNG EXPORT AGREEMENT. [redacted] B4

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6. [redacted] B4

7. OCCIDENTAL HAS TAKEN NO INITIATIVE TO INFORM EMBASSY OF ITS MEETING WITH JALLUUD. [redacted] B4 EMBASSY UNDERSTANDS FROM ESSO THAT OXY WAS TO HAVE MET WITH MABRUUK JUNE 22 TO SUBMIT NEW PRICE OFFER. EMBASSY'S COMMENTS TO DEPARTMENT ON OIL NEGOTIATIONS WILL FOLLOW [redacted] B4 GP-4.

PALMER